

**Joint Application of Haig Point, Inc. and CK
Materials, LLC for Approval of the Sale, Transfer of
Stock, Assets and Operating Authority of Haig Point
Utility Company, Inc.**

DOCKET
NUMBER: 2007 - 414 - C

Email: jbeach@ellislawhorne.com

NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

☐ **Other:**

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)		
<input type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input checked="" type="checkbox"/> Letter	<input type="checkbox"/> Request
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certification
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigation
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement
<input type="checkbox"/> Electric/Water/Telecom.	<input type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition
<input type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff
<input checked="" type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other: _____
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest	
<input type="checkbox"/> Other: _____	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit	
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report	

Reset Form

ELLIS:LAWHORNE

John F. Beach
Direct dial: 803/343-1269
jbeach@ellislawhorne.com

October 22, 2009

FILED ELECTRONICALLY

The Honorable Charles L.A. Terreni
Chief Clerk
South Carolina Public Service Commission
Post Office Drawer 11649
Columbia, South Carolina 29211

RE: Joint Application of Haig Point, Inc. and CK Materials, LLC for
Approval of the Sale, Transfer of Stock, Assets and Operating Authority
of Haig Point Utility Company, Inc.
Docket No. 2007-414-W/S, ELS File No. 1030-11565

Dear Charlie:

On June 24, 2008 the South Carolina Public Service Commission (the "Commission") approved a Settlement Agreement entered in the above-reference docket between Haig Point Club and Community Association ("HPCCA"), CK Materials, LLC ("CK") and the South Carolina Office of Regulatory Staff ("ORS"). That approval expressly incorporated the obligations set forth in an April 23, 2008 Settlement Letter between HPCCA and CK (attached).

Paragraph 1 of the Settlement Letter places the following requirements upon the utility with regard to Performance Bonds:

CK Materials agrees that it will maintain and keep on file with the Commission two \$350,000 performance bonds: one for water and one for sewer. CK Materials agrees that these performance bonds will always be maintained with a commercial bonding and/or insurance entity possessing an A.M. Best Financial Strength Rating (or its equivalent) of A- or better.

CK Materials acknowledges that the current bond amounts are the maximum amount required by the Commission at this time. Should the Commission increase the maximum bond amount at any time, CK Materials agrees to increase both the water and sewer bond CK Materials and/or HPUC have in place to that new maximum amount.

CK Materials agrees that in no event shall it or HPUC ever attempt to satisfy its bonding requirements through a personal or individual surety bond, or any other form of guaranty other than as set forth in the two immediately preceding paragraphs.

The Honorable Charles L.A. Terreni
October 22, 2009
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I am writing on behalf of HPPCA to request that the Commission review the bonds on file for this utility and verify that such bonds fully satisfy the requirements and obligations set forth above, and approved by the Commission on June 24, 2008.

Please call me if you need further information regarding this request.

With kind regards, I am

Yours truly,

A handwritten signature in black ink, appearing to read "John", written over the printed name "John F. Beach".

John F. Beach

JFB/cr

cc: Nanette S. Edwards, Esquire (via electronic mail service)
Elaine Fowler, Esquire (via electronic mail service)
Charles Scarminach, Esquire (via electronic mail service)
Mr. Tony Wartko (via electronic mail service)

ELLIS:LAWHORNE

John F. Beach
Direct dial: 803/343-1269
jbeach@ellislawhorne.com

April 23, 2008

VIA ELECTRONIC AND FIRST-CLASS MAIL SERVICE

Peter J. Strauss, Esquire
Novit & Scarminach, P.A.
The Jade Building, Suite 400
52 New Orleans Road
P.O. Drawer 14
Hilton Head Island, SC 29938

RE: Joint Application of Haig Point Utility Company, Inc. and CK Materials, LLC for Approval of the Sale, Transfer of Stock, Assets and Operating Authority of Haig Point Utility Company, Inc.
Docket No. 2007-414-W/S, ELS File No. 1030-11565

Dear Peter:

I am writing on behalf of Haig Point Club and Community Association, Inc. ("HPCCA") to set forth the final Agreement that HPCCA and CK Materials, LLC have reached in settlement of all of HPCCA's concerns in this matter.

1. Performance Bonds:

CK Materials agrees that it will maintain and keep on file with the Commission two \$350,000 performance bonds: one for water and one for sewer. CK Materials agrees that these performance bonds will always be maintained with a commercial bonding and/or insurance entity possessing an A.M. Best Financial Strength Rating (or its equivalent) of A- or better.

CK Materials acknowledges that the current bond amounts are the maximum amount required by the Commission at this time. Should the Commission increase the maximum bond amount at any time, CK Materials agrees to increase both the water and sewer bond CK Materials and/or HPUC have in place to that new maximum amount.

CK Materials agrees that in no event shall it or HPUC ever attempt to satisfy its bonding requirements through a personal or individual surety bond, or any other form of guaranty other than as set forth in the two immediately preceding paragraphs.

2. Letter of Credit:

International Paper Company shall keep in effect the JPMorgan Letter of Credit issued November 7, 2003 in the amount of \$450,000 to Haig Point Club and Community Association,

JK

Inc. (the "LOC") for the time period of one (1) year from the date it closes the purchase transaction, or the date the Public Service Commission approves this transfer, whichever is later.

3. Water Availability:

- a. CK Materials agrees that HPUC shall provide safe and adequate water to current and future members of the HPCCA through "Build-Out". CK Materials commits that HPUC will provide HPCCA and its members the total water volume "at Build-Out" in an amount per residential and commercial customer as determined to be adequate by South Carolina Department of Health and Environmental Control ("DHEC").
- b. CK Materials agrees that neither it nor HPUC will provide water to any new or additional customers outside of the HPCCA members and HPUC's current customers unless it first 1) at least ninety (90) days before seeking regulatory approval to provide such additional service, provides written notice of its intention to provide such additional service, including the details and scope of such additional service, to the Chairman of the HPCCA Board of Directors and 2) receives permission from DHEC to extend service to the new customers, as determined by DHEC. In the event that HPUC, after a diligent effort, is unable to obtain DHEC approval for such expansion, HPUC may request HPCCA's written agreement to deviate from this requirement, and HPCCA shall not unreasonably withhold such written agreement.
- c. CK Materials agrees that, upon Commission approval of the Transfer, it will immediately inform DHEC - through a formal filing - of the contractual and regulatory commitment to reserve water volume as set forth above. CK Materials and HPCCA agree that DHEC shall have the independent right to enforce this contractual and regulatory commitment.
- d. CK Materials represents and warrants that, in the event DHEC should determine at any time that additional storage capacity is necessary, ~~CK Materials~~ ^{HPUC, SV} will construct such additional storage capacity as is necessary in order to satisfy all applicable regulatory needs.

4. Sewer Availability:

- a. CK Materials agrees that HPUC shall provide safe and adequate sewer treatment service to current and future members of the HPCCA through "Build-Out".

5. Ownership of CK Materials

CK Materials represents and warrants that HPUC will be owned by CK Materials, LLC, CK Materials will provide to HPCCA's attorney an Operating Agreement for CK Materials, LLC.

JK

6. Management of HPUC after Transfer:

Guastella Associates, Inc. will be managing HPUC day-to-day. Management will include helping to make strategic decisions on permitting, system management, maintenance, and upgrades.

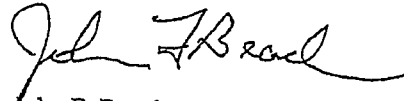
7. Haig Point Trademark:

CK Materials agrees that, upon the Commission's approval of this Transfer, it will, in a timely fashion, change the name of HPUC to a name that does not contain the words "Haig Point" and change its logo to something other than the Haig Point lighthouse.

8. Approval of Settlement by Public Service Commission:

Upon CK Materials' agreement to the matters set forth herein, and International Paper Company's agreement to the applicable matters set forth under the heading "Letter of Credit," HPCCA and CK Materials will present testimony at the hearing in this docket, currently scheduled for April 27 at 10:30 AM, requesting approval of the Agreement, and noting that HPCCA does not oppose the subject transfer.

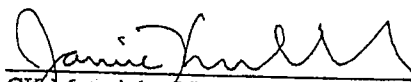
Sincerely,



John F. Beach

cc: Mr. Mark Nordman
Elaine Fowler, Esquire

On behalf of the CK Materials, LLC, I hereby agree to all matters set forth herein, and also that all such matters shall bind HPUC going forward, following the Public Service Commission's approval of the subject Transfer of HPUC to CK Materials, LLC.



CK Materials, LLC